



**CITY OF HAMILTON**  
**PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT**  
**Licensing and By-law Services Division**

<b>TO:</b>	Chair and Members Planning Committee
<b>COMMITTEE DATE:</b>	July 5, 2022
<b>SUBJECT/REPORT NO:</b>	Licensing Short-Term Rental (STR) Accommodations (PED17203(b)) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Robert Ustrzycki (905) 546-2424 Ext. 4721
<b>SUBMITTED BY:</b>	Monica Ciriello Director, Licensing and By-law Services Planning and Economic Development Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That Report PED17203(b), Licensing Short-Term Rentals (STR), respecting the results of the on-line public survey, public consultation and Staff preliminary findings for a recommended approach for licensing and regulating Short-Term Rentals in Hamilton, be received;
- (b) That the amendment to the Licensing By-law 07-170 with respect to Short-Term Rental (STR) Accommodations described in Report PED17203(b) and detailed in the proposed amending By-law, attached as Appendix “A” to Report PED17203(b), be received and be brought back to a future Planning Committee meeting;
- (c) That Planning Staff be directed to report back to Planning Committee with the necessary zoning changes relevant to short-term rentals to address historical zoning by-law definitions that are no longer applicable or that are redundant, and that appropriate public notice be provided.

**EXECUTIVE SUMMARY**

Hamilton, like other municipalities globally, must address the challenges and opportunities presented by the emerging industry of Short-Term Rental (STR) accommodations. To ensure STR operators (or hosts) operate responsibly, Council directed Staff to report back to the Planning Committee on legislation adopted by the

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OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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City of Toronto for STR accommodations, with the goal of adopting a similar regulatory scheme in Hamilton.

On November 22, 2017, Council approved Item 3 of Planning Committee Report 17-019 to receive Information Report PED17203 that outlined the regulations by the City of Toronto, and the active projects and impacts of STR use across Canada.

On July 13, 2018, Council approved Item 2 of Planning Committee Report 18-011 to receive Information Report PED17203(a) that outlined a Public Engagement Strategy to obtain public feedback for a regulatory framework similar to the Toronto scheme that would allow for a STR within the Principal Residence Units of owners or renters.

This Report provides the results of the public engagement for a licensing scheme to regulate STR and outlines a proposed approach and amendments to the Business Licensing By-law 07-170 (Licensing By-law) to regulate STR uses in the City.

**Alternatives for Consideration – See Page 17**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: The total cost for STR Licensing is based on an estimated 898 STR units operating in the City, based on information gathered pre-COVID. While the COVID pandemic has negatively impacted the travel and tourism industry and resulted in a significant decrease in STR units, it is anticipated that the STR market will return to pre-COVID levels, or greater, during the first few years of recovery.

The total estimated cost of administering an STR Licensing program, based on pre-COVID levels, is \$214,500.00 annually, with no net levy impact based on the recommended license fee structure attached as Appendix “B” to Report PED17203(b); and a one-time purchase of \$36,000 for a vehicle.

It is expected that the timing of the licensing revenues will lag behind the start-up of the program, and therefore, at the time that Council considers adoption of the STR amendments to the Licensing By-law, Staff will be recommending that the first year of implementation costs of \$214,500.00 be funded through an internal loan plus interest over a 2-year term from the Tax Stabilization Reserve (110046) to be repaid once revenues are collected.

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**Staffing:** Implementation of and ongoing work on the STR Licensing regime would require an additional 2.25 Full-time Equivalent (FTEs) in the Licensing and By-law Services Division of:

- One part-time (.25 FTE) Licensing Administrator to issue and administer the licences
- One full-time (1.0 FTE) Licensing Officer
- One full-time (1.0 FTE) Program Manager to coordinate the program and track measurables

**Legal:** Legal Services will be required to complete work to prepare and execute agreements with STR Brokers governing the use, retention and disclosure of Operator and guest information.

## **HISTORICAL BACKGROUND**

On July 14, 2017, Council approved Item (g)(ii) of Planning Committee Report 17-012 directing Staff to report back to Committee on the recent legislation adopted by the City of Toronto related to the operation of AirBnB Lodgings with the goal of adopting local legislation related to the same in Hamilton.

On November 14, 2017, the Planning Committee received Staff Report PED17203 informing Committee members of the key aspects of the Staff research and jurisdictional scan in the evolution of this new market. Report PED17203 also presented to Planning Committee the current framework with respect to STRs within the City's Zoning By-laws and outlined the general directions that may comprise a regulatory scheme for the City of Hamilton, with the Staff undertaking to engage in public consultations to obtain feedback for the licensing of STR.

On July 10, 2018, the Planning Committee received Information Report PED17203(a) outlining a Public Engagement Strategy to obtain feedback and public opinion for a recommended licensing approach for the City that:

- considers new rules for the new technology (on-line platforms);
- enables supplement income for residents, economic development and tourism;
- protects long-term rental supply; and,
- ensures health and safety.

## **City of Toronto**

The City of Toronto approved the regulation of STR in Toronto on December 7, 2017 and January 31, 2018 following extensive public consultation to amend the City of Toronto's Licensing and Zoning By-laws. The Key Aspects of Toronto STR Licensing By-law is attached as Appendix "C" to Report PED17203(b). The Toronto Zoning By-

law amendments were appealed to the Ontario Land Tribunal (OLT). On November 18, 2019, OLT issued a ruling that dismissed the appeals and upheld Toronto's Zoning By-law amendments for STR. With this decision, Toronto's Licensing and Registration By-law for STR came into effect and was commenced in January 2021. STR companies (on-line platforms) that facilitate the booking and payment of the rental and residents are required to obtain a licence and register with the City of Toronto.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The *Municipal Act, 2001* authorizes municipalities to pass by-laws respecting the licensing of businesses, and the well-being of the municipality and its inhabitants.

Staff's review considered the City's Licensing, Zoning, Property Standards, nuisance by-laws, and the following applicable Provincial Legislation:

- *Municipal Act, 2001, S.O. 2001, c.25*
- *Planning Act, R.S.O. 1990, c.P.13*
- *Ontario Building Code Act, 1992, S.O. 1992, c.23*
- *Fire Protection and Prevention Act, 1997, S.O. 1997, c. 4*
- *Residential Tenancies Act, 2006, S.O. 2006, c.17*
- *Hotel Registration of Guests Act, R.S.O. 1990, c.H.17*
- *Innkeepers Act, R.S.O.1990, c.I.7*
- *Occupiers' Liability Act, R.S.O. 1990, c. O.2*
- *Condominium Act, 1998, S.O. 1998, c. 19*

## **RELEVANT CONSULTATION**

City Staff hosted public consultations with stakeholders and affected persons to gain community feedback, including an on-line survey focused on public perceptions of STR in the City (detailed in "Analysis and Rationale" section of this Report).

Legal Services, Fire, Building, Zoning, Planning, Tourism and Culture, Healthy and Safe Communities, Housing, IT, Finance and Communications Services, were consulted in the preparation of this Report.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

In the last decade, there has been rapid growth of on-line global platforms that connect people looking for short-term accommodation with people who want to short-term rent their homes. STR platforms like AirBnB.com, VRBO.com, HomeAway.com and

Flipkey.com have expanded rapidly, from around 300,000 STR listings worldwide in 2008 to over 4,500,000 in 2016.

The economic impact of STR is heavily debated globally. Academic analysis of the STR market is limited (but growing), as is credible published information about the impacts that may in part be relevant to the City. The List of Resources is attached as Appendix “D” to Report PED17203(b).

The STR industry has published a considerable number of reports suggesting positive impacts that STR expands the tourism market, supports local businesses, and helps residents gain additional income to support their costs of living. At the same time, some independent researchers suggest that STR may negatively impact hotel revenues and are beneficial only as overflow accommodation during peak tourism periods. There are also significant concerns about the impact that the STR industry has on local rental markets. For example, a 2016 study of Los Angeles and McGill researchers found that the rapid growth of the STR market is putting upward pressure on rent in certain high-interest neighborhoods.

In most major cities in North America, thousands of residents are currently operating transient-use rental accommodation using STR platforms, often without regard for existing by-laws which may prohibit STR. Municipalities are struggling to adjust to this new accommodation marketplace. Most current urban land use, licensing and enforcement tools are not equipped to support or regulate this “sharing economy”. Major cities have only recently implemented policies on STR, spanning a broad spectrum from permissive to restrictive approaches, while most cities have yet to address STR, despite its prevalence.

The trend observed in other cities shows a very dynamic market, with high turnover in terms of both STR units and their operators. The consensus among policy-makers and academics is that STR is complex and difficult to regulate.

Staff reviewed policy options from other jurisdictions in preparation of this Report. The Jurisdictional Scan is attached as Appendix “E” to Report PED17203(b). Where most cities focus on licensing or registering the operators; some cities have recently proposed licensing STR platforms in addition to STR operators. Quebec has so far adopted a Provincial approach, whereas Ontario has not done so, leaving individual municipalities to revise zoning and licensing regulations to control the STR market. The most common approach for a STR regulatory framework in other jurisdictions focuses on the principal residence standard that requires minimum safety levels (e.g. fire/CO detectors). Only in some instances have jurisdictions chosen to introduce a separate license class imposing increased licensing fees for secondary units which introduce considerable building and fire safety requirements. STR operators having secondary suites or non-principal residential units require enhanced building standards

(Building, Fire, Property Standards, Zoning, Electrical Safety regulations) that require significant investments in building retrofits.

Overall, municipalities are adopting or moving to the 'house-sharing' principle, limiting operators to a single STR unit within their principal residence, and disallowing commercial or multi-listing operators in residential or mixed-use zones. The objective for this requirement is to improve neighbourhood fit by ensuring personal accountability for the dwelling unit, and to protect the long-term rental housing market by prohibiting STR in investment properties and limiting the STR use of secondary dwelling units.

## **Zoning**

The City of Hamilton has seven applicable Zoning By-laws. Each Zoning By-law establishes the permitted uses and regulations for lands within the City of Hamilton. Permitted uses are defined to capture the intent of the use of land and in some cases identify specific prohibitions. The Zoning By-laws define and regulate the following uses:

- Hotel
- Motel
- Bed and Breakfast
- Boarding, Rooming, Lodging or Tourist Home

As it relates to STR, each of the Zoning By-laws have different definitions and regulations which could overlap or be inconsistent with the house-sharing residential uses of STR as the term is not specifically defined. An STR could be considered as one of the above mentioned uses or as a residential use and be permitted within residential areas. Zoning By-laws do not regulate tenure (e.g. rental or ownership) of any use, nor do they regulate how many people may reside within a dwelling. As a result, the determination between when an STR within a residential dwelling becomes a commercial use is not clearly defined.

Although the house-sharing model may not necessarily change the use or character in a residential zone, an STR could operate more as a commercial use than a residential use. A housekeeping amendment to the City Zoning bylaws is preferred to address historical zoning by-law definitions that are no longer applicable or that are redundant. While not necessary for the implementation of the STR bylaw, it would assist to align the definitions of the Zoning By-law with the Licensing By-law to avoid conflicts and interpretation issues related to STR.

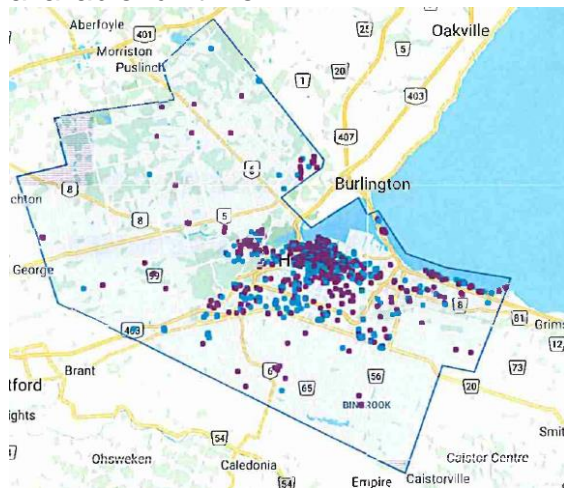
## Short-Term Rental Market in Hamilton

For STRs within a principal dwelling unit, generally, individuals rent their entire dwelling unit while they are away or rent a bedroom in their home while they are present. Another common approach is to rent out a secondary unit within a principal residence as an STR. The more commercial STR model is to operate a dwelling unit as a full-time STR that is not associated as a principal residence. In some cases, the same owner may operate multiple STRs.

STR platforms are active in Hamilton and currently used in various ways, with the highest concentration of STR units in downtown Hamilton. Current data shows that it is growing at a slower rate than in the previous years, suggesting some stabilisation within this emerging industry. However, it is difficult to accurately measure the STR market, because on-line data is often incomplete and challenging to aggregate consistently across multiple platforms.

Prior to the pandemic, data from Airdna (STR marketing website) identified 898 active STR hosts in the City, with 92% posting on the AirBnB on-line platform. Although numbers were reduced during the pandemic, Staff anticipate the numbers will return as we emerge from the pandemic.

The typical host in Hamilton is 45 years old and shares their space for less than three nights per event. While 41% have listings posted for less than 3 months, 32% are available full-time.



Of the listings advertised in Hamilton, 61% are entire homes/apartments and 38% are private rooms, meaning sharing space with the host present. The remaining 1% are shared rooms. The average daily rate is \$112 with an average revenue of \$1,685.

Data from McGill researchers identified 93 of the listings in 2018 for the Hamilton area were considered a commercial operator providing multiple entire-home listings.

## Consultation Findings

Hamilton residents hold diverse opinions regarding STR. Rental housing is an important part of the City's housing stock and efforts are needed to both protect the existing affordable rental stock and add new supply. Some members of the public express that

STR is a threat to the long-term rental market, making Hamilton less affordable. Others believe that STR is part of the solution to affordability. Finding an appropriately-sized home, in the right location, at an affordable cost has become a significant challenge for local households. The supplemental income provided by STR allows people to stay in their homes.

Several members of the public are deeply concerned with STR in residential neighbourhoods and that transient tenants are creating nuisance and potential safety issues within their neighbourhood. Others perceive that STR is key to driving tourism in Hamilton that supports local businesses, especially in peak periods or during special events. Tourism is a priority economic sector important to the City of Hamilton. The availability and type of visitor accommodation is one of the factors that determine Hamilton's appeal for a tourist destination.

The City sought to consult a diverse group of organizations to gather a fulsome set of perspectives on STR. The public consultation engaged with residents and stakeholders regarding the licensing of STRs in Hamilton using the City of Toronto model. Most participants support licensing STRs using the Toronto regulatory scheme for STR Companies (platforms) and STR operators as their principal residence. However, there was consensus that more consideration is required to provide a "Hamilton made" solution.

### **On-line Public Survey**

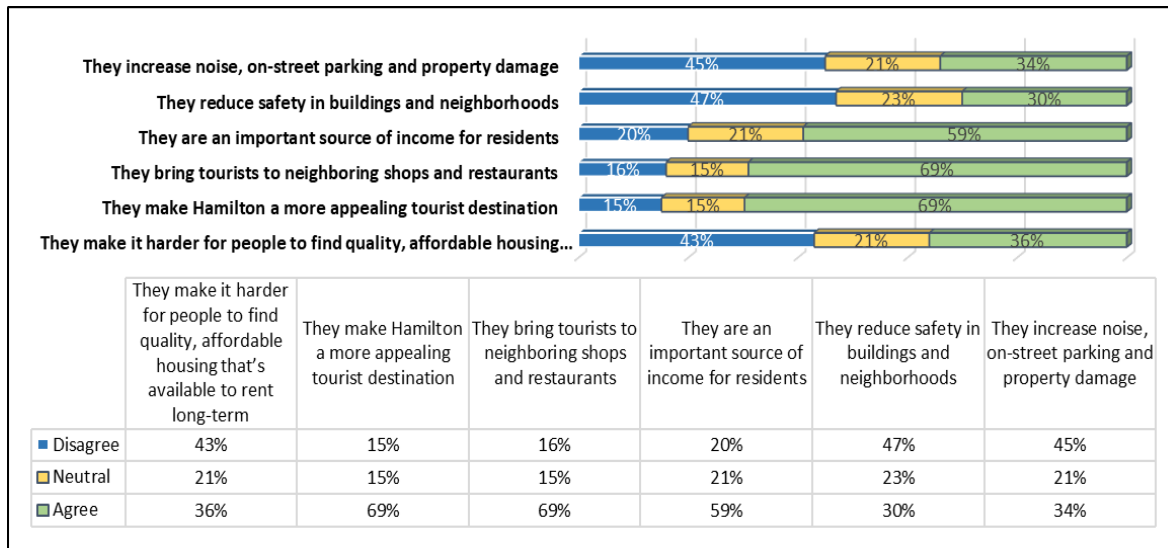
Staff coordinated an on-line survey from September to December 2018 which received 1,681 responses. The survey focused on public perceptions of STR in relation to affordable housing, protection of the long-term rental stock, tourism, economic development, building safety, neighbourhood and community impact of STR, and regulatory levers. Summary of Survey Results is attached as Appendix "F" to Report PED17203(b).

Survey responses were largely Hamilton residents and home owners, balanced across age groups 26 or over, with 32% of those surveyed identified as users and 7% providers of a STR. Of the total respondents, 75% are in favour of STR in Hamilton.

Table 2.2 to Appendix "D" to Report PED17203(b), Summary of Survey Results, represents the general perceptions of short-term rentals:



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The survey also sought input on potential guiding principles for STRs that would be important to the public. The following are ranked by priority (Details in Table 3.1 to Appendix “D” to Report PED17203(b), Summary of Survey Results):

- Keeping residential areas/buildings quiet and safe;
- Supporting Tourism;
- Protecting supply of affordable rental housing;
- Allowing residents to earn income from STR;
- Collecting business taxes from STR properties;
- Regulating all types of tourist accommodations; and,
- Collecting licence fees for STR properties.

Consistent with current research from municipalities globally, there was strong support among the respondents for allowing STR in the occupant’s principal residence. More than 92% of respondents said a homeowner should be allowed to STR their principal residence, including 26% of those surveyed believing that renters should also be allowed to do the same. Currently, there is limited data available to estimate the number of non-principal residence units presently being advertised for STR platforms in Hamilton. When asked what type dwelling or zone the STR be allowed, the results were evenly distributed.

The survey posed the benchmark of 14 consecutive nights (two weeks) to rent a STR with a separate limit to the total nights of STR annually. Although 62% suggested there should be no annual limit, the participants were undecided or inconclusive to the comparable number of consecutive nights a STR should be rented. Regulations in most other cities adopting a principal residence scheme limit STR to less than 30 consecutive nights per listing, with a cap from 90 to 180 nights each a year.

## **Stakeholder Consultation**

Staff invited 79 stakeholders to a meeting at City Hall on November 23, 2018 to understand the benefits of STR from the host perspective, and to review how the proposed Toronto licensing model may impact the existing business and rental market in Hamilton. Although the turnout at the stakeholders meeting was low, those in attendance at the meeting and the unprompted public comment throughout the public engagement process provided key findings that are summarized below.

Stakeholders recognize that many people who live and work in Hamilton are currently struggling to find affordable housing. The rapid increase cost in home ownership for the past five to ten years has outpaced the means of many residents and is putting significant pressure on the rental market. The most common reason for operating STR units was to improve affordability for existing and aspiring homeowners. While there is limited data to determine the impact of STR on housing prices, some public opinions suggest that STR increases the earning potential of an investment property or secondary residence compared to operating a long-term rental unit.

Staff has heard from residents regarding negative experiences with STR in residential areas relating to excessive noise, increased garbage, parking issues, and safety concerns around unknown guests. Based on feedback from residents, STR in some cases has resulted in affecting residents' sense of comfort and security in their homes. Research from Toronto found no difference to the proportion of nuisance complaints normally found in residential areas. Many residents commented that negative experiences are more prevalent if the STR operator is not present or if the unit is not a principal residence and expressed that the full-time use of STR should be limited to the areas outside residential zones.

While there is limited data to assess and quantify the impact of STR on the long-term rental housing stock and affordability, there are concerns about tenants being evicted so that landlords can operate STR units, or to simply avoid the landlord's obligation to the rights of tenants under the *Residential Tenancies Act*. Most stakeholders view existing non-principal STR units as an important stock of potential long-term rental housing, supporting the approach to limit STR activity to only principal residences to protect long-term rental stock.

Stakeholders and the participants to the survey are concerned about building safety, and regulatory equity with comparable uses (e.g. hotels, bed and breakfasts, lodging and tourist homes). There are significant enhanced building safety requirements for tourist/transient use buildings, which are typically subject to other provincial regulatory schemes relating to building, fire, health and safety issues; and tax implications.

The tourism industry and the business community generally agree that STR helps local businesses in areas underserved by hotels or with little tourism traffic. Those who view STR as supporting tourism advocate that temporarily repurposing residential rooms and units for visitor accommodation is an effective way of increasing accommodation supply during event-related peaks (e.g. major sporting events). It appears, in peak periods at least, that STR units accommodate visitors that may not otherwise be able to stay in Hamilton.

The public are generally doubtful regarding the City's ability to enforce compliance in the STR market. Many highlighted the City's ongoing enforcement challenges with commercial STR operators and rental building operators, suggesting enforcement zoning powers are weak, even when the suspected offenses are well-documented. The majority agree that a 'house sharing - principal residence' licensing scheme in residential or mixed-use zones provides a balanced approach to regulate the STR industry in Hamilton.

### **Municipal Accommodation Tax (MAT)**

In 2017, the Province of Ontario granted municipalities the authority to implement a Municipal Accommodation Tax (MAT) on transient accommodations to provide municipalities with a new revenue stream to support local tourism promotion and product development (detailed in Report PED20009(a) Municipal Accommodation Tax dated January 13, 2021). Staff review of best practices from municipalities operating STR licensing system included STRs in the MAT program. MAT operates distinctly as a form of revenue-generation to promote tourism whereas licensing STRs regulates the activity or operation of this house sharing market. Licensing STR will provide staff access to how many STRs are operating in the municipality and where.

On February 23, 2022 Council approved Municipal Accommodation Tax Report PED20009(b) to authorize Staff to incorporate the Hamilton Tourism Development Corporation (MSC) as the eligible not-for-profit organization to receive 50% of MAT funds for tourism promotion and development. In addition, Tourism Staff were directed to negotiate agreements and policies required to fulfil the approved MSC Business Case Study and recommend a governance structure, including the process for selecting the Board of Directors.

Tourism Staff will report back to the General Issues Committee on these deliverables in 2022 and recommend the timing for the approval and implementation of the By-law to establish the MAT in Hamilton for the licensing hotel/motel industry, including STR.

## **Proposed Licensing Regulations for Short Term Rentals in Hamilton**

Staff propose regulations to establish a new type of business licence for STR operators and STR brokers (on-line platforms), requiring licensees to pay an annual fee and meet conditions established in the Licensing By-law and any corresponding agreements. All STR operators and brokers would be subject to compliance and enforcement actions, with existing licence revocation and removal from the on-line platform for those who do not comply with the City's policies and regulations.

The proposed approach is to amend the Licensing By-law to regulate STR operators, and STR brokers (on-line platforms):

- allowing residents with a licence to rent their own principal residence;
- for short periods (no more than 28 nights consecutively) to the travelling public with a cap of 120 nights annually;
- principal residence requirements:
  - a place where a person lives and designates as their principal residence on government records;
  - a person can only have one principal residence;
  - a corporation cannot have a principal residence;
- commercial operators would not be permitted to operate a STR;
- residents within a condominium complex require the consent/approval of the condominium corporation. Condominium boards would continue to be able to utilize their existing authority to further limit or prohibit STR through a declaration, by-laws or rules.

The existing zoning and business licence for a Hotel, Motel, Bed and Breakfast, Tourist Home would remain for hosts advertising with on-line platforms that are operating outside the 28 days/120 days annual cap. Operators of non-principal residence units currently used for STR would be required to return the units to the long-term rental market instead.

### **Principal Residence Unit Requirement**

The STR operator business licence would only permit the STR of principal residence units, defined as:

a dwelling unit owned or rented by an individual, either alone or jointly with others, where the individual is ordinarily resident, makes their home and conducts their daily affairs, including, without limitation, paying bills and receiving documentation related to identification, taxation and insurance purposes, driver's licenses, income tax returns, medical plan documentation, vehicle registration and voter registration, or similar information.

The principal residence unit refers to an individual dwelling unit based on that property. A principal residence unit is defined as a sub-component of a principal property or parcel of land. Both owners or renters would be eligible for one STR operator business licence. Renters must get permission from the property owner to do so.

### **Secondary Suites and Apartments**

Property owners may only use one unit as their principal residence unit and could not STR secondary suites or apartments that are vacant. However, if a legal secondary suite or apartment is a principal residence unit of a long-term renter, then the tenant would be eligible to apply for a STR business licence with the owner's permission. This policy is intended to limit long-term housing stock from being converted to accommodation for tourists, and to return or add some non-principal residence units to the long-term rental housing stock for people who live and work in Hamilton.

### **Short Term Rental Operator Licence**

Key aspects of the licence would include:

- Provide their name, address, contact information and copy of identification;
- Provide information about their short-term rental:
  - list of companies used to advertise the listing;
  - description of which parts of the property will be used (entire unit, bedroom(s), private entrance, parking available, secondary suite, other shared space etc.)
  - building type (apartment, detached, semi-detached, row house, townhouse etc.);
- Submit, if required, a zoning verification for the subject property;
- Declare that the address is their principal residence;
- Operators must provide guests with contact information of a designated person associated with the property who could be reached 24 hours per day during the rental period if needed;
- All secondary suites must be recognized by the City and undergo inspection to confirm compliance with the Property Standards By-law, ESA and Building Code;
- If requested by the City, an inspection must be scheduled within seven days of the request;
- Vehicle parking for STR guests must comply with the City zoning provisions, with conditions for any guest(s) of the renter;
- Property owner permission for STR use is required for rental properties; and,
- STR operators are required to obtain an appropriate insurance policy covering the STR use.

## **Building and Fire Safety**

STR operators would be agreeing to the following requirements:

- The STR unit must be a legal dwelling unit, as defined by Zoning, Building, and Fire regulations;
- All STR units require a fire escape plan posted on all floors in a conspicuous place;
- All STR units require smoke alarms and carbon monoxide detectors in accordance with the Fire Code;
- STR operators must provide access for inspections of being requested by the City; and,
- All STR operators would be subject to a regular system of audits and inspections.

Considering the primary use of the Principal Residence Unit is seen as one's personal home, an STR providing for less than 5 guests may not be subject to the stringent building and fire safety standards, unless a secondary suite or apartment is being used as a STR.

## **Good Neighbour Requirements**

Operators are required to provide a guest information package that contains detailed information to contact the Operator, emergency and non-emergency services; and instruction to help minimize negative community experiences associated with STR in residential and mixed-use areas including excessive noise, increased garbage, parking issues, safety concerns, and negative behaviours around unknown guests.

## **Advertising and Booking Requirements**

Staff propose the following requirements to govern the advertisement of STR units on-line (and off-line) of advertisement and bookings to identify unlicensed operators or unlicensed platforms:

- STR operators must not advertise without a valid licence, regardless of whether the advertisement results in a booking;
- STR operators must provide their business licence number in all advertisements for the STR listing (i.e. either in a field created by the platform or in the unit description);
- STR operators must post a hard copy of their business licence in the STR unit; and,
- STR companies may not post a STR without a licence.

The City will maintain the authority to audit any STR and request specific evidence from the host to ensure compliance.

### **Short Term Rental Broker Licence (On-line Platforms)**

The City requires a licence for any business conducted in the City, even if the business office is located outside of the City (e.g. Uber). In this context, the City would require business licences for any STR company servicing operators in Hamilton to develop the necessary licensing requirements to help govern STR activity and support compliance with any regulations proposed.

Any company that facilitates the booking or payment of STRs will need to enter into a disclosure agreement with the City to be licensed. Licensed companies must:

- Provide their name, address, contact information and copy of identification;
- Provide information about their STR including number of locations;
- Ensure that all listing include a valid City licence number;
- Remove all STR listings where the Operator is not licenced by the City;
- Communicate information about City regulations to everyone operating a STR through the company;
- Develop a procedure to minimize neighbourhood nuisance and prevent STRs that pose a threat to public health or safety; and,
- Disclose at the request of the City anonymized information about the STR activity (This will assist the City to monitor housing availability and understand travelling public trends within the community).

Staff are continuing to work with the main platforms to ensure a good working relationship going forward for a successful regulatory regime and the by-law may change as a result of those negotiations.

### **Fees**

The total cost of the STR Licensing program is estimated at \$214,500.00. Therefore, the proposed application and license fees for both the STR operator and the STR broker are developed based on the cost of administering and enforcing the regulations with the intent of being cost neutral.

Although actuals are not available at this time, preliminary research based on 2022 cost and revenue estimates would suggest the following fees (details provided in Schedule of Fees attached as Appendix “B” to Report PED17203(b)):

- STR operators:
  - one-time application/registration/fee of \$70.80 (plus HST)

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- annual license fee for rental of Entire Units \$220 (1-4 guests) and \$390 (5 plus guests), and \$90 for Partial Units based on the number of nights rented listed on the application; and
- additional fees for review of fire escape/floor plans, and zoning verifications as required
- STR brokers (on-line platforms):
  - one-time licensing fee of \$5,000

The staffing cost of \$214,500 for 2.25 FTEs in the Licensing and By-Law Services Division would consist of one part-time Licensing Administrator to issue and administer the licences; one full-time Program Manager as coordinator; and one full-time Licensing Compliance Officer to proactively and reactively inspect STRs.

In addition to the direct costs of STR licensing fees, zoning verifications would be required as well as review of fire escape/floor plans for STRs. The current City fees for zoning verifications is \$126.00 and for the review of fire escape/floor plans is \$33.14 (plus HST).

### **Implementation Plan**

The implementation plan will begin with a public awareness campaign that will explain the regulations and impose a three-month deadline to make an application. Staff will work with Communications to establish a presence on the City of Hamilton website to provide information and guidelines for applications. It is anticipated the months following will focus with the registration and agreements of on-line platform(s), followed by the review, processing and approving of STR Operator applications.

The enforcement approach will be reactive based on public complaint, as well as proactive on periodic reviews of listings of STR platforms and cross-referencing with the City list of licensed STR Operators. Enforcement Staff will follow our progressive enforcement approach of first seeking voluntary compliance, escalating to a fine and/or license suspension for serious or repeat offenders.

### **Administrative Penalties System (APS)**

The use of APS has produced positive impacts to administer and enforce minor contraventions. Issuing APS tickets does not include the lengthy formal process found in the Provincial Offences Court. It has proven to be an important step in the Progressive Enforcement Policy enforcing the City's Licensing By-law 07-170 as a fair, effective and efficient enforcement tool to compel voluntary compliance. Staff propose amending the APS By-law in a separate report to Committee for fines ranging from \$100 for minor contraventions to \$500 for significant offences.



## **Monitoring and Performance Measurement**

The Program Manager will monitor STR activity to assess the overall impacts and the effectiveness of the regulatory regime. Key metrics considered for assessment include:

- The number and location of STRs
- Compliance rates for municipal by-laws, Building/Fire Code, public health and safety concerns
- Impacts on housing availability and affordability, where possible
- The resulting revenue and staffing implications
- Budget and service impacts

## **ALTERNATIVES FOR CONSIDERATION**

The objectives for STR regulations are to enable supplemental income, support the tourism industry, encourage neighbourhood fit, ensure health and safety, protect long-term rental supply, and encourage compliance. The proposed regulations reflect a balanced approach allowing the current STR market to continue provided they obtain a business licence and agree to the City's requirements.

The proposed licensing model allows residents to STR their Principal Residence Unit (e.g. the main dwelling unit where they live), provided they obtain a business licence. Owners in single residential properties would not be able to STR secondary suites or laneway houses, although the tenants in long-term rental agreements in these dwelling units may apply as a separate STR. Council could consider broader permissions for property owners to include basement apartments and laneway suites that are located on the same property as the owner's principal residence.

## **ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN**

### **Community Engagement and Participation**

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community

### **Economic Prosperity and Growth**

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

### **Healthy and Safe Communities**

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

**Culture and Diversity**

Hamilton is a thriving, vibrant place for arts, culture, and heritage where diversity and inclusivity are embraced and celebrated.

**Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

**APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report PED17203(b) – Draft By-law to Amend the Licensing By-law 07-170

Appendix “B” to Report PED17203(b) – Schedule of Fees

Appendix “C” to Report PED17203(b) – Key Aspects of the City of Toronto Licensing and Registration of Short-Term Rentals

Appendix “D” to Report PED17203(b) – List of Resources

Appendix “E” to Report PED17203(b) – Jurisdictional Scan

Appendix “F” to Report PED17203(b) – On-Line Survey Results